

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 EB-11 STR-08 COME-00 TAR-02 L-03

TRSE-00 DRC-01 CIAE-00 INR-10 NSAE-00 RSC-01 /077 W

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R 172014Z OCT 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 0087

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 7110

E.O. 11652: N/A

TAGS: ETRD, EAGR, BR

SUBJECT: REQUEST FOR APPLY AND PEAR TARIFF CONCESSION

REF: STATE 194898, RIO 3265

1. FOLLOWING IS REPORT FROM CONGEN RIO OF DISCUSSION ON REF SUBJECT WITH AKIHIRO IKEDA, EXECUTIVE SECRETARY OF COUNCIL ON TARIFF POLICY. IKEDA STATED THAT GOB WILL NOT TAKE ANY ACTION TO PROVIDE TEMPORARY TARIFF REDUCTION THIS YEAR ON PEAR AND APPLY IMPORTS. HE ADMITTED BEING UNDER CONSIDERABLE PRESSURE FROM BOTH DOMESTIC FRUIT PRODUCERS AND BRAZILIAN FRUIT IMPORTERS. WHEN DISCUSSING REF SUBJECT WITH LATTER, HE REPORTEDLY ENCOURAGES THEM TO SEEK EXEMPTION FROM ICM TURNOVER TAX FOR IMPORTED FRUIT. HE CLAIMS COUNCIL WOULD SUPPORT SUCH REQUESTS ON GROUNDS THAT FRUIT IMPORTS FROM LAFTA AREA ALREADY ENJOY SUCH AN EXEMPTION AND THAT, UNDER MOST FAVORED NATION CLAUSE, SAME EXEMPTION COULD WELL BE ALLOWED FOR FRUIT IMPORTS FROM NON-LAFTA COUNTRIES. AT SAME TIME, HOWEVER, HE STRESSED THAT DECISION ON ICM EXEMPTION RESTS WITH INDIVIDUAL STATE AUTHORITIES. FEDERAL GOVERNMENT, MOREOVER, WOULD NOT BE DISPOSED TO COMPENSATE STATES FOR REVENUE LOSS SHOULD THEY GRANT EXEMPTION.

2. IKEDA CONFIRMED THAT COUNCIL ON TARIFF POLICY INTERESTED IN BRAZIL'S NEGOTIATING PERMANENT SEASONAL IMPORT DUTY REDUC-

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TION ON FRUIT, BUT SOFTENED EARLIER STATEMENT (REF RIO 3265)

THAT GOB SERIOUSLY CONSIDERING SUCH A PERMANENT REDUCTION. COUNCIL WOULD DEFINITELY SUPPORT NEGOTIATION LEADING TO SEASONAL REDUCTION, BUT WOULD NOT INITIATE REQUEST FOR NEGOTIATIONS. PROCESS MUST BE INITIATED, IKEDA STATED, BY ONE OF THE INTERESTED PARTIES, I.E. BRAZILIAN IMPORTERS OR FOREIGN GOVERNMENTS. IF BRAZILIAN IMPORTERS PROVIDE COUNCIL WITH PROPOSAL FOR PERMANENT SEASONAL REDUCTION, LATTER WOULD PRESENT PROPOSAL TO FONOFF WITH A FAVORABLE RECOMMENDATION. IKEDA CLAIMS THAT HE HAS ALREADY SUGGESTED THIS PROCEDURE TO BRAZILIAN IMPORTERS, BUT THEY HAVE NOT ACTED ON HIS SUGGESTION. IF A FOREIGN GOVERNMENT PROPOSES NEGOTIATIONS ON A PERMANENT SEASONAL REDUCTION, COUNCIL WOULD SUPPORT SUCH PROPOSAL WHEN ITS OPINION IS REQUESTED. IKEDA EMPHASIZED, HOWEVER, THAT NEGOTIATIONS MUST BE MULTILATERAL; INCLUDING ALL INTERESTED GOVERNMENTS. HE SPECIFICALLY MENTIONED BRAZIL, ARGENTINA, CHILE, AND U.S. BUT IMPLIED THAT OTHERS MIGHT ALSO BE INVOLVED.

3. EMBASSY ALSO RAISED SUBJECT WITH ACTING CHIEF OF FONOFF TRADE POLICY DIVISION WHO SAID HE WOULD HAVE TO CONSULT WITH SENIOR FONOFF OFFICIALS AND WITH FINANCE MINISTRY. HE INDICATED THAT GOB WOULD WANT TO EXPLORE POSSIBILITIES FOR ADVANTAGEOUS DEAL WITH USG BEFORE TAKING FIRM DECISION TO NEGOTIATE PERMANENT SEASONAL CONCESSION ON APPLES AND PEARS. HE ASKED IF U.S. WAS THINKING OF NEGOTIATING IN GATT FORUM OR BILATERALLY BUT THEN ADDED THAT THIS QUESTION COULD BE DEFERRED UNTIL AFTER FURTHER GOB-US INFORMAL DISCUSSIONS. WHEN EMBASSY ASKED ABOUT ARGENTINA AND LAFTA OBLIGATIONS, FONOFF OFFICIAL GAVE DIFFERENT RESPONSE FROM THAT OF HEAD OF TARIFF POLICY COUNCIL (PARA. 2). HE SAID GOB WOULD NOT BE OBLIGED TO INCLUDE LAFTA PARTNERS ENJOYING PREFERENTIAL TARIFF IN NEGOTIATIONS OR TO CONSULT THEM BEFOREHAND. HE SAID LAFTA AGREEMENT ONLY REQUIRED BRAZIL TO GRANT COMPENSATION TO MEMBERS WHOSE PREFERENTIAL TREATMENT WAS REDUCED AS RESULT OF TRADE CONCESSION TO THIRD COUNTRY.

4. COMMENT: EMBASSY NOW AWAITS FONOFF RESPONSE FOLLOWING CONSULTATIONS AS TO WHETHER GOB IS INTERESTED IN UNDERTAKING DISCUSSIONS FOR NEGOTIATION OF PERMANENT SEASONAL APPLES AND PEARS CONCESSION. ASSUMING RESPONSE IS AFFIRMATIVE, EMBASSY WILL ELICIT GOB THINKING ON SUBJECT AND SEEK INSTRUCTIONS FROM DEPARTMENT ON HOW FURTHER DISCUSSIONS SHOULD PROCEED. ON EMBASSY'S LIMITED OFFICIAL USE

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REQUEST FOR WAIVER OF ICM TURNOVER TAX, IT SEEMS CLEAR THAT TARIFF POLICY COUNCIL IS NOT PREPARED TO EXERT PRESSURE ON INDIVIDUAL STATE GOVERNMENTS TO GRANT EXEMPTION. CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, TARIFF CONCESSIONS, APPLES, PEARS  
**Control Number:** n/a  
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**Draft Date:** 17 OCT 1973  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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